

Introduced by Senator Alpert

March 1, 2001

Senate Joint Resolution No. 7—Relative to wholesale electric prices.

LEGISLATIVE COUNSEL'S DIGEST

SJR 7, as introduced, Alpert. Federal Energy Regulatory Commission: wholesale electric prices.

This measure would memorialize the President of the United States and the Congress to support legislation introduced in the Congress requiring the Federal Energy Regulatory Commission to: (1) order a refund of the portion of any rate or charge that exceeds the rate or charge that the commission finds to be just, reasonable, and not unduly discriminating or preferential; and (2) issue an order to establish the maximum price for electricity sold at wholesale subject to the jurisdiction of the commission in the Western Systems Coordinating Council for any period after June 1, 2000, if the commission determines that any rate charged for the wholesale sales of that electricity is unjust, unreasonable, unduly discriminatory, or preferential.

Fiscal committee: no.

1 WHEREAS, As part of California's deregulation of the electric  
2 utility industry, the new owners of the electric generating plants  
3 that were sold by the state's investor-owned utilities are regulated  
4 by the federal government; and

5 WHERE, The Federal Energy Regulatory Commission (FERC)  
6 granted electric generators the ability to charge market-based rates  
7 with the understanding that in a workably competitive market,  
8 market-based rates will always produce "just and reasonable"  
9 prices; and

1 WHEREAS, Commencing in May of 2000, and continuing to  
2 the present, wholesale electric prices throughout much of the  
3 western United States have climbed to unjustifiable levels; and

4 WHEREAS, High electric rates threaten not only California's  
5 consumers, its neighbors, and businesses, but the economy of the  
6 entire nation; and

7 WHEREAS, FERC has issued two orders that state that the rates  
8 currently being paid generating plants for electricity are "unjust  
9 and unreasonable," and, nevertheless, the commission refuses to  
10 order refunds to customers or revoke the ability to charge  
11 market-based rates from electric generators; and

12 WHEREAS, Accordingly, it is necessary to enact federal laws  
13 to require FERC to order a refund of the portion of any rate or  
14 charge that exceeds the rate or charge that the commission finds to  
15 be just, reasonable, and not unduly discriminating or preferential;  
16 and

17 WHEREAS, It is also appropriate for the federal government to  
18 require FERC to issue an order to establish the maximum price for  
19 electricity sold at wholesale subject to the jurisdiction of the  
20 commission in the Western Systems Coordinating Council for any  
21 period after June 1, 2000, if the commission determines that any  
22 rate charged for the wholesale sales of electricity is unjust,  
23 unreasonable, unduly discriminatory, or preferential; now,  
24 therefore, be it

25 *Resolved by the Senate and Assembly of the State of California,*  
26 *jointly,* That the Legislature of the State of California  
27 memorializes the President and the Congress of the United States  
28 to support legislation introduced in Congress requiring FERC to  
29 do both of the following: (1) order a refund of the portion of any  
30 rate or charge that exceeds the rate or charge that the commission  
31 finds to be just, reasonable, and not unduly discriminating or  
32 preferential; and (2) issue an order to establish the maximum price  
33 for electricity sold at wholesale subject to the jurisdiction of the  
34 commission in the Western Systems Coordinating Council for any  
35 period after June 1, 2000, if the commission determines that any  
36 rate charged for the wholesale sales of that electricity is unjust,  
37 unreasonable, unduly discriminatory, or preferential; and be it  
38 further

39 *Resolved,* That the Secretary of the Senate transmit copies of  
40 this resolution to the President and Vice President of the United

- 1 States, the Speaker of the House of Representatives, and to each
- 2 Senator and Representative from California in the Congress of the
- 3 United States.

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